

A SUBSTITUTE ORDINANCE

BY FINANCE/EXECUTIVE COMMITTEE

AN ORDINANCE TO AMEND THE GENERAL EMPLOYEES' PENSION FUND ADOPTED BY G.A.L.1927, P.265, ET SEQ. SO AS TO ESTABLISH A DEFINED CONTRIBUTION RETIREMENT PLAN EFFECTIVE JULY 1, 2001 FOR THOSE CITY EMPLOYEES WHO ARE OR WOULD OTHERWISE BECOME MEMBERS OF THE GENERAL EMPLOYEES' PENSION FUND; TO ESTABLISH THE PROVISIONS AND PROCEDURES FOR THE PLAN'S OPERATION; TO ESTABLISH THE PROVISIONS FOR THE REQUIRED PARTICIPATION IN THE CITY OF ATLANTA DEFINED CONTRIBUTION RETIREMENT PLAN BY ALL NEW PERMANENT EMPLOYEES WHO WOULD OTHERWISE PARTICIPATE IN THE GENERAL EMPLOYEES' PENSION FUND; TO ESTABLISH PROVISIONS WHEREBY CURRENT EMPLOYEES PARTICIPATING IN THE GENERAL EMPLOYEES' PENSION FUND MAY ELECT TO PARTICIPATE IN THE DEFINED CONTRIBUTION RETIREMENT PLAN AT THEIR OPTION; TO ESTABLISH FUNDING REQUIREMENTS FOR THE PLAN; AND FOR OTHER PURPOSES.


WHEREAS, the Chief Financial Officer of the City of Atlanta has recommended that a new defined contribution retirement plan be established effective July 1, 2001; and

WHEREAS, participation in the new defined contribution retirement plan is mandatory for all new employees who would otherwise participate in the General Employees' Pension Fund, on and after the effective date of the defined contribution plan; and

WHEREAS, all active employees currently participating in the General Employees' Pension Fund will be given the option of remaining in the General Employees' Pension Fund or participating in the defined contribution retirement plan;

THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA HEREBY ORDAINS as follows:

Section 1. A defined contribution retirement plan, which shall be qualified as a governmental plan under the provisions of section 401(a) of the Internal Revenue Code of 1986, as amended, is hereby established for all permanent employees of the City of Atlanta, except (i) those who are or would be covered under the Police Officers Pension Plan or the Firefighters Pension Fund (ii) temporary or casual employees or (iii) Atlanta Board of Education employees who are covered under the State of Georgia Teachers Retirement System.



Section 2. New employees who would otherwise become members of the General Employees' Pension Fund for officers and employees, established pursuant to Ga. L. 1927, p. 265, as amended, (the "General Employees' Pension Fund") who enter employment with the City on and after the effective date of the defined contribution retirement plan, shall participate in the defined contribution retirement plan in lieu of the General Employees' Pension Fund

Section 3. The targeted effective date of the defined contribution retirement plan is July 1, 2001 for all such new employees.


Section 4. The General Employees' Pension Fund is hereby amended to freeze future participation so that no new or rehired employees shall be eligible to participate in the General Employees' Pension Fund effective as of the effective date of the defined contribution retirement plan.

Section 5. The defined contribution retirement plan shall contain the following provisions: (i) a pre-tax employee contribution of 6% of compensation which shall always be 100% vested, (ii) an optional after-tax employee contribution which shall be 100% vested, (iii) a City contribution of 6% of compensation which shall vest over a 5 year period at 20% per year, (iv) participants shall direct the investment of all amounts in their accounts from an array of funds selected by the Plan Administrator of the defined contribution retirement plan, and (v) lump sum distributions shall be available to be paid to participants upon termination of employment, death, disability or retirement.

Section 6. A long term disability insurance policy will be provided to all participants in the defined contribution retirement plan, the intent of which is to provide disability benefits equivalent to those provided in the General Employees' Pension Fund.

Section 7. The designated Plan Administrator shall be the Chief Financial Officer or his designee, who shall oversee the day to day administration of the defined contribution retirement plan. The Plan Administrator shall report to the Management Committee of the defined contribution retirement plan which shall be composed of the Chief Financial Officer, the Chairman of the Finance Committee, and the Mayor or his designee.

Section 8. The Plan Administrator shall have complete control of the administration of the defined contribution plan, with all powers necessary to enable it properly to carry out its duties which include the following: (i) engaging the services of third party service provider(s) and trustee, consistent with the City's purchasing procedures and based on the recommendation of an outside consultant, which shall provide recordkeeping services for the plan, provide investment fund options and trustee services, provide and present investment education and other communications materials to employees; and provide disability insurance; (ii) preparing and construing the plan documents and agreements and determining all questions arising thereunder; (iii) deciding all questions relating to eligibility and benefit entitlement under the plan; (iv) maintaining records relating to participants and preparing and furnishing to participants



all information required under state or federal law; (v) preparing and furnishing to the third party service provider and/or trustee necessary employee and financial data and providing direction and oversight of such providers; (vi) preparing and filing with all other appropriate government entities all reports and other information required under law to be so filed or published; (vii) engaging consultants, attorneys, actuaries or other assistants and professional advisers as necessary to aid in plan administration; (viii) arranging for fiduciary bonding, if necessary; (ix) providing procedures for directions for benefit payments; and (x) delegating any or all of its responsibilities.

Section 9. The General Employees' Pension Fund is hereby amended to provide that on or about November 1, 2001, all employees currently participating in the General Employees' Pension Fund shall be given the opportunity to elect whether to remain a participant in the General Employees' Pension Fund or to become a participant in the defined contribution retirement plan.

Section 10. Employees who elect to participate in the defined contribution plan may be required to transfer the present value of their plan benefit under the General Employees' Pension Fund into the defined contribution plan.

Section 11. The assumptions to be used to determine the present value of plan benefits under the General Employees' Pension Fund and other issues related to the election to transfer into the defined contribution plan shall be determined by the Management Committee previously named in Section 7.

Section 12. Any assumptions used to determine the present value of plan benefits under the General Employees' Pension Fund shall maximize plan benefits without causing an increase in cost to the General Employees' Pension Fund.

Section 13. Any ordinances or parts of ordinances in conflict herewith are hereby repealed.

A true copy,

Rhonda Waughin Johnson
Municipal Clerk, CMC

ADOPTED by the Council
APPROVED by the Mayor

FEB 05, 2001
FEB 13, 2001

PUBLIC NOTICE

**There is an emergency called meeting of the Solid
Waste Management Authority
Scheduled for February 14, 2001
At 2:00 pm
(or just prior to the start of Finance/Executive
Committee meeting)
in Committee Room 2**

**The meeting is to sign an agreement consenting to
the change of the City of Atlanta's Bond Registrar
and Paying Agent**



CITY OF ATLANTA

BILL CAMPBELL
MAYOR

DEPARTMENT OF LAW
Suite 4100
City Hall Tower
68 Mitchell Street, S.W.
Atlanta, Georgia 30335-0332
(404) 330-6400
FAX (404) 658-6894

SUSAN PEASE LANGFORD
CITY ATTORNEY

January 31, 2001

The Atlanta City Council
c/o The Honorable Robb Pitts, President
55 Trinity Street, SW
Atlanta, GA 30335

Re: Proposed Ordinance No. 01-O-0064 — Defined Contribution Plan for General Employees of the City of Atlanta

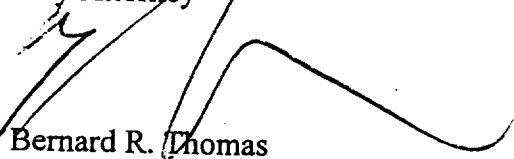
Dear President Pitts and Councilmembers:

We have reviewed the above-referenced proposed ordinance and find no legal impediment to the enactment of said ordinance by the City.

If we may be of further assistance in this regard, please advise.

Sincerely,


Susan Pease Langford
City Attorney


Bernard R. Thomas
Senior Assistant City Attorney

cc: Members, Board of Trustees
General Employees Pension Fund



February 19, 2001

The Atlanta City Council
c/o The Honorable Robb Pitts, President
55 Trinity Avenue, S.W.,
Atlanta, GA 30335

Re: Proposed Ordinance No. 00-0-1099 (Substitute) - Modification of pension
benefits/Police Officers Pension Funds

Dear President Pitts and Councilmembers:

In accordance with Section 3-507(2)b of the Charter of the City of Atlanta, please be advised that the Board of Trustees of the Police Officers Pension Fund attempted to have a special call meeting today. Although a quorum was not present, the three police officer members of the six member pension board are in support of this pension modification.

The proposed substitute ordinance raises the pension formula multiplier from 2% to 3% with an 80% cap and would apply to all active and future sworn police officers. Attached to this letter is an actuarial report which shows among other things, the estimated cost of this modification to be \$5.9 million dollars in year 2001.

The Board of Trustees of the Police Officers Pension Fund respectfully requests your consideration and approval of this proposed enhancement to the pension benefit package for police officers.

Sincerely,

A handwritten signature in black ink, appearing to read "Don V. Lee", followed by the date "2/19/01".

Don V. Lee
Chairman, Board of Trustees
of the Police Officers
Pension Fund

Handwritten initials or a signature in black ink, possibly reading "J. Lee" or similar.

cc: Members, Board of Trustees,
Police Officers Pension Fund

One Atlanta Plaza
850 East Paces Ferry Road
Atlanta, GA 30326-1118
404 365-1600



Towers Perrin

CONFIDENTIAL

February 19, 2001

Board of Trustees
Police Officers' Pension Fund
City of Atlanta
68 Mitchell Street, SW
Suite 1600
Atlanta, GA 30335-0317

Dear Sirs:

ACTUARIAL COST STUDIES FOR POLICE OFFICERS' PENSION FUND

As the Board requested, we have calculated the incremental annual cost for an improvement to the plan provisions of the Police Officers' Pension Fund. This letter specifies the net employer contribution percentage and expected annual contribution based on the most recent valuation.

The improvement includes an increase in the benefit formula from 2% per year of credited service to 3% per year of credited service. A maximum of 26.67 years will be recognized in the formula (for a maximum benefit of 80% of final average earnings). The improvement increases accrued benefits for all active participants included in the valuation but does not affect the benefits of former or retired participants.

The following chart displays the results of the January 1, 2001 actuarial valuation of the plan, the incremental cost of the proposed plan improvement and total proposed cost of the plan after the improvement.

	Current Plan Provisions	Incremental Cost for Improvement	Proposed Plan Cost
Unfunded Actuarial Accrued Liability	\$35.4 million	\$47.3 million	\$82.7 million
Employer Contribution Percentage	12.77%	9.31%	22.08%
Expected 2001 Employer Contribution Amount	\$8 million	\$5.9 million	\$13.9 million

Board of Trustees

February 19, 2001

Page 2.


Towers Perrin

We have performed the actuarial valuation of the Plan as of January 1, 2000 based on asset values and participant data provided by the City of Atlanta Pension Office. The net employer contribution for the 2001 and 2002 plan years (including the 1% employee contribution that the City has paid on behalf of employees) for the Police Officers' Pension Fund is 12.77% of payroll. The expected 2001 payroll (projected from the level of earnings from the participant data) is about \$62.8 million, resulting in an expected employer contribution amount of \$8 million.

The incremental employer contribution for 2001 associated with this benefit improvement is 9.31% of payroll. Based on the expected 2001 payroll, the additional employer contribution amount would be \$5.8 million, for a total employer contribution of \$13.9 million, or 22.08% of payroll.

Compared to the preceding actuarial valuation as of January 1, 1998, which covers the 1999 and 2000 plan years, the net employer contribution was 21.31% of payroll. While we do not have the exact payroll amounts for the 2000 plan year, the expected employer contribution amount is \$12.2 million based on a projected 2000 payroll of \$57 million.

The underlying actuarial cost method assumes that the annual incremental cost is the sum of 1) additional normal cost (the cost of benefits assigned to the current year) plus 2) amortization of the additional unfunded actuarial accrued liability over 18 years (from 2001 to 2018). The actuarial assumptions used in determining the additional liability due to the plan improvements are the same as those used in the actuarial valuation of the plan.

We have assumed that the City will continue funding the Plan at the recommended funding level for two-year periods based on the actuarial valuation completed as of the preceding January 1 (e.g., the contribution level for 2001 and 2002 is determined by the January 1, 2000 valuation). If this plan improvement is adopted by the City for its police officers, we assume that the City will fund the additional employer contribution associated with those improvements. If the City improves the Plan and contributes the respective amounts identified in this letter, then the Plan will fund current benefits accruing under the plan and fund unfunded liabilities created by this and previous improvements by the year 2018. Further, the actuarial soundness of the Plan will be maintained, assuming that the actuarial assumptions are realized.

Board of Trustees

February 19, 2001

Page 3.


Towers Perrin

These cost studies are based on proposals submitted to the Board for consideration in ordinance form and subsequent discussion at Board meetings. It is our understanding that once an ordinance amending the current plan is adopted we must provide you with revised cost and contribution percentage, if applicable. If you require further information for proposed plan improvements, please let us know.

Sincerely,



Jean S. Tillis, F.S.A.
Consultant

JST:ldo



RCS# 2601
2/05/01
5:32 PM

Atlanta City Council

Regular Session

01-O-0064

Amend General Employees Pension Fund
Re. Defined Contribution Plan, etc.
ADOPT ON SUB

YEAS: 10
NAYS: 4
ABSTENTIONS: 0
NOT VOTING: 1
EXCUSED: 0
ABSENT 1

Y McCarty	B Dorsey	N Moore	N Thomas
Y Starnes	Y Woolard	Y Martin	Y Emmons
N Bond	Y Morris	Y Maddox	N Alexander
Y Winslow	Y Muller	Y Boazman	NV Pitts

CORRECTED COPY

01-O-0064

0176-0064
(Do Not Write Above This Line)

AN ORDINANCE

BY FINANCE/EXECUTIVE COMMITTEE

AN ORDINANCE TO AMEND THE GENERAL EMPLOYEES PENSION ACT ADOPTED BY GA. L. 1927, P. 265, ET SEQ. SO AS TO ESTABLISH A DEFINED CONTRIBUTION PLAN EFFECTIVE JANUARY 1, 2001 FOR THOSE CITY EMPLOYEES WHO ARE MEMBERS OF THE GENERAL EMPLOYEES PENSION FUND; TO ESTABLISH THE PROVISIONS AND PROCEDURES FOR THE PLAN'S OPERATION; TO ESTABLISH THE PROVISIONS FOR THE REQUIRED PARTICIPATION IN THE CITY OF ATLANTA DEFINED CONTRIBUTION PLAN BY ALL NEW PERMANENT EMPLOYEES; TO ESTABLISH PROVISIONS WHEREBY CURRENT EMPLOYEES PARTICIPATING IN THE EXISTING DEFINED BENEFITS PENSION PLAN CAN ELECT TO PARTICIPATE IN THE DEFINED CONTRIBUTION PLAN AT THEIR OPTION; TO ESTABLISH FUNDING REQUIREMENTS FOR THE PLAN; AND FOR OTHER PURPOSES.

- 2/5/01 - Motion to
- ☒ CONSENT REFER *Refer for 2 weeks*
☐ REGULAR REPORT REFER *Certain FAILED*
☐ ADVERTISE & REFER *was Debated and*
☐ 1st ADOPT 2nd READ & REFER *Roll Call Vote*
☐ PERSONAL PAPER REFER

Date Referred 1/16/01

Referred To: Finance/Executive

Date Referred

Referred To: **ADOPTED BY**
FEB 05 2001

Date Referred

Referred To: **COUNCIL**

First Reading

Committee: Finance/Exec
Date: 1-31-01
Chair: [Signature]
Referred to: Finance/Exec

Committee

Date

Chair

Action:

Fav, Adv, Hold (see rev. side)

Other:

Members

Refer To

Committee

Date

Chair

Action:

Fav, Adv, Hold (see rev. side)

Other:

Members

Refer To

FINAL COUNCIL ACTION

☒ 2nd ☐ 1st & 2nd ☐ 3rd

Readings

☐ Consent ☐ V Vote ☒ RC Vote

CERTIFIED

CERTIFIED
FEB 5 2001

ATLANTA CITY COUNCIL PRESIDENT

[Signature]

MAYOR'S ACTION

FEB 13 2001

[Signature]